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December 1, 2005

JAMES T. WHITLOW
JOHN J. SCOTT
BENJAMIN J. HUMPHRIES

LINCOLN SQUARE
HODGENVILLE, KENTUCKY 42748
270-368-4344

Mr. Thomas A. Dorman
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

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DEC 2 2005

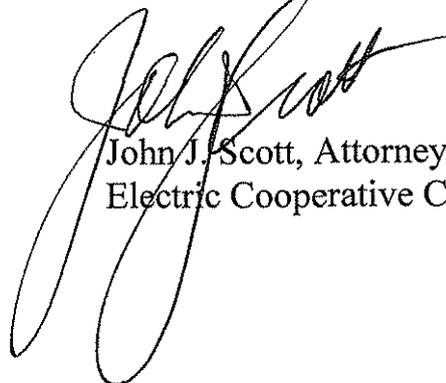
PUBLIC SERVICE
COMMISSION

Re: Nolin Rural Electric Cooperative
Corporation Application regarding
Perpetual Line of Credit

Dear Mr. Dorman:

Please find enclosed an original and 12 copies of an Application on behalf of Nolin Rural Electric Cooperative Corporation to receive approval of a Perpetual Line of Credit in the amount of \$7,000,000.00. Please stamp an extra copy of the Application showing the date filed and return it to us in the enclosed self-addressed envelope. Thank you for your consideration in this matter.

Sincerely yours,



John J. Scott, Attorney for Nolin Rural
Electric Cooperative Corporation

JJS/rrd

Enclosures

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PUBLIC SERVICE
COMMISSION

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**APPLICATION OF THE NOLIN)
RURAL ELECTRIC COOPERATIVE)
CORPORATION FOR AN ORDER)
PURSUANT TO KRS 278.300 AND)
807 KAR 5:001, SECTION 11 AND)
RELATED SECTIONS AUTHORIZING)
THE COOPERATIVE TO OBTAIN A)
PERPETUAL LINE OF CREDIT NOT)
TO EXCEED \$7,000,000.00 AT ANY)
ONE TIME FROM THE NATIONAL)
RURAL UTILITIES COOPERATIVE)
FINANCE CORPORATION) CASE NO. _____**

APPLICATION

The Petition of Nolin Rural Electric Cooperative Corporation respectfully shows:

1. Applicant is a cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky and is engaged in the business of purchasing and selling electric current and maintaining an electric distribution system. The Applicant now operates and does business in the counties of Hardin, LaRue, Hart, Grayson, Green, Taylor, Breckinridge and Meade. The full name of the Applicant is the Nolin Rural Electric Cooperative Corporation.

2. The post office address of the Applicant is 411 Ring Road, Elizabethtown, Kentucky 42701.
3. Certified copies of the Articles of Incorporation and all Amendments thereto as well as mortgages of the Applicant have previously been filed with the Commission in Case No. 93-324 which was styled "Application of the Nolin Rural Electric Cooperative Corporation for an Order pursuant to KRS 278.300 and 807 KAR5:001, Section 11 and related sections authorizing the Cooperative to obtain a five year line of credit in the amount of \$3,000,000.00 from the National Rural Utilities Cooperative Finance Corporation."
4. A general description of Applicant's property in the field of its operation, together with the statement of the original cost of the property and the cost to the Applicant follows:

Nolin Rural Electric Cooperative Corporation's property consist of approximately 2,824.39 miles of electric distribution line and other properties necessary and incidental to the operation of its system in the foregoing counties. The original cost of the Applicant's property as of September 30, 2005 is as follows:
Total utility plant: 76,258,406

5. The Applicant further states that:
 - (a.) No amount or kinds of stock are authorized by the Corporation.
 - (b.) No amount or kinds of stock are issued or outstanding.
 - (c.) No preferred stock has been issued or is outstanding.
 - (d.) Exhibits 1 and 2 attached list the outstanding notes secured by mortgages which have been executed by Nolin Rural Electric Cooperative Corporation as

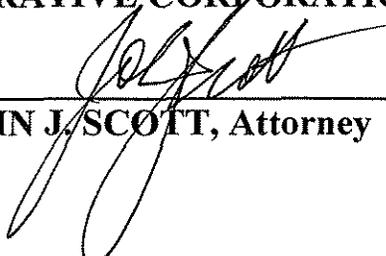
Mortgagor and delivered to the United States of America, the Federal Financing Bank and the National Rural Utilities Cooperative Finance Corporation as Mortgagees as of the date of this Application. The balance outstanding on these notes as of September 30, 2005 is as shown in Exhibits No. 1 and No. 2 attached hereto.

- (e.) No bonds are authorized or issued.
 - (f.) Nolin Rural Electric Cooperative Corporation has no other indebtedness, except current liabilities which occur in the ordinary course of business and which are unsecured.
 - (g.) No dividends have been paid by the Corporation.
6. The use to be made of the proceeds from this line of credit is as follows: to obtain loan funds quickly for any temporary shortfalls of cash, while awaiting permanent financing.
 7. At this time, it is not anticipated that any property is to be acquired, constructed, improved or extended with the proceeds from this loan.
 8. At this time, it is not proposed to discharge or refund any obligations with the proceeds from this loan.
 9. The Applicant's Income Statement for the 12 month period ending September 30, 2005 is attached as Exhibit No. 3 and its balance sheet as Exhibit No. 4.
 10. The approval of the loan from the National Rural Utilities Cooperative Finance Corporation is attached as Exhibit No. 5.
 11. The Resolution approving this loan by Nolin's Board of Directors is attached as Exhibit No. 6.

WHEREFORE, the Nolin Rural Electric Cooperative Corporation requests that the Public Service Commission of the Commonwealth of Kentucky issue an Order authorizing and granting unto Nolin Rural Electric Cooperative Corporation approval for a perpetual line of credit not to exceed \$7,000,000.00 at any one time from the National Rural Utilities Cooperative Finance Corporation and all other relief to which the Applicant may be entitled.

Dated at Elizabethtown, Kentucky this 30th day of November, 2005.

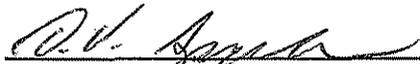
**NOLIN RURAL ELECTRIC
COOPERATIVE CORPORATION**

BY: 

JOHN J. SCOTT, Attorney

I, O.V. Sparks, Administration and Finance Manager of Nolin Rural Electric Cooperative Corporation, state that I have read and understand the foregoing Application and the statements contained therein are true.

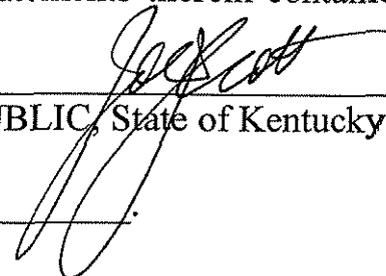
**NOLIN RURAL ELECTRIC
COOPERATIVE CORPORATION**

BY: 

**O.V. SPARKS, Administration
and Finance Manager**

STATE OF KENTUCKY
COUNTY OF HARDIN

I, the undersigned, a Notary Public, do hereby certify that on this 30th day of November, 2005, personally appeared before me **O.V. SPARKS**, who being by me first duly sworn, subscribed to and acknowledged that he is the **Administration and Finance Manager** of **Nolin Rural Electric Cooperative Corporation**, a Kentucky corporation, that he signed the foregoing document as **Administration and Finance Manager** of the corporation, and that the statements therein contained are true.



NOTARY PUBLIC, State of Kentucky
At Large

My commission expires 9.11.09.

| LONG TERM DEBT - REA | | | | | | | | |
|---|----------------------|-------------|-------------------------|------------------------------|---------------------------|-------------------------|-------------------------------------|--------------|
| Complete Schedule Showing Total Obligation to REA | | | | | | | | |
| Note No (a) | Interest Rate (b) | Date (c) | Original Balance (d) | Plus Interest Accrued (e) | Less | | Balance Long Term Debt - REA (h) | |
| | | | | | Principal Payments (f) | Funds Unadvanced (g) | | |
| OB140 | 2.000% | Mar-72 | 270,500 | | 253,790 | | 16,710 | |
| OB142 | 2.000% | Mar-72 | 270,500 | | 253,790 | | 16,710 | |
| OB150 | 2.000% | Jan-73 | 186,000 | | 168,845 | | 17,155 | |
| OB152 | 2.000% | Jan-73 | 186,000 | | 168,845 | | 17,155 | |
| 1B230 | 5.000% | Sep-92 | 1,180,000 | | 209,993 | | 970,007 | |
| 1B235 | 5.000% | Sep-92 | 1,180,000 | | 209,993 | | 970,007 | |
| 1B240 | 1.620% | Jul-95 | 1,740,000 | | 301,992 | | 1,438,008 | |
| 1B245 | 1.120% | Jul-95 | 1,740,000 | | 299,777 | | 1,440,223 | |
| 1B250 | 1.120% | May-97 | 2,306,500 | | 316,030 | | 1,990,470 | |
| 1B255 | 1.620% | May-97 | 286,000 | | 39,163 | | 246,837 | |
| 1B256 | 1.120% | May-97 | 2,020,000 | | 275,758 | | 1,744,242 | |
| 1B257 | 1.620% | May-97 | 500 | | 67 | | 433 | |
| 1A260 | 4.940% | Apr-04 | 4,000,000 | | 0 | | 4,000,000 | |
| 1A261 | | Apr-04 | 6,067,000 | | 0 | 1,967,000 | 4,100,000 | |
| NOTES PAID IN FULL | | | 13,483,456 | | 13,483,456 | | | |
| TOTAL | | | 34,916,456 | 0 | 15,981,499 | 1,967,000 | 16,967,957 | |
| Less: Advance Payments Unapplied (Note #4990) | | | | | | | | (94,014) |
| TOTAL OBLIGATION - REA | | | | | | | | \$16,873,943 |

EXHIBIT NO. 1

LONG TERM DEBT - CFC & OTHER

Complete Schedule Showing Total Obligation to CFC & Other

| Note No (a) | Interest Rate (b) | Date (c) | Original Balance (d) | Less | | Balance Long Term Debt CFC & Other (g) |
|----------------|----------------------|-------------|---|---------------------------|-------------------------|---|
| | | | | Principal Payments (e) | Funds Unadvanced (f) | |
| 9001001 | 7.000% | May-72 | 135,000 | 118,062 | | 16,938 |
| 9004001 | 7.000% | Feb-73 | 159,000 | 131,132 | | 27,868 |
| 9005001 | 7.000% | Feb-74 | 135,000 | 102,966 | | 32,034 |
| 9008001 | 4.200% | Nov-75 | 135,000 | 93,678 | | 41,322 |
| 9010001 | 4.200% | Nov-76 | 375,000 | 236,359 | | 138,641 |
| 9012001 | 4.200% | Feb-77 | 375,000 | 214,308 | | 160,692 |
| 9014001 | 4.200% | Feb-78 | 920,000 | 478,465 | | 441,535 |
| 9019001 | 4.200% | Aug-80 | 924,000 | 391,279 | | 532,721 |
| 9022001 | 4.200% | May-83 | 520,000 | 169,584 | | 350,416 |
| 9023001 | 4.200% | Sep-92 | 1,031,633 | 227,755 | | 803,878 |
| 9024001 | 4.200% | Jun-95 | 1,492,000 | 161,117 | | 1,330,883 |
| 9025001 | 4.200% | May-98 | 1,977,000 | 153,128 | | 1,823,872 |
| 9027001 | <i>4.050%</i> | Nov-99 | 4,300,000 | 3,495,145 | | 804,855 |
| 9028001 | 4.200% | May-2003 | 23,000,000 | 1,956,457 | 6,000,000 | 15,043,543 |
| 9028002 | 4.200% | May-2003 | 4,000,000 | 416,821 | | 3,583,179 |
| 9028003 | 4.200% | May-2003 | 4,000,000 | 234,552 | | 3,765,448 |
| 9028004 | 4.200% | May-2003 | 4,000,000 | 172,178 | | 3,827,822 |
| 9028005 | | | 4,000,000 | 56,157 | | 3,943,843 |
| 9029001 | 3.000% | Aug-2003 | 484,424 | 484,424 | | 0 |
| 9029002 | 3.000% | Aug-2003 | 484,424 | 484,424 | | 0 |
| 9029003 | 3.550% | Aug-2003 | 484,424 | 0 | | 484,424 |
| 9029004 | 4.000% | Aug-2003 | 484,424 | 0 | | 484,424 |
| 9029005 | 4.450% | Aug-2003 | 484,424 | 0 | | 484,424 |
| 9029006 | 4.800% | Aug-2003 | 484,424 | 0 | | 484,424 |
| 9029007 | 5.050% | Aug-2003 | 484,424 | 0 | | 484,424 |
| 9029008 | 5.300% | Aug-2003 | 484,424 | 0 | | 484,424 |
| H0010 | 7.157% | Dec-91 | 2,000,000 | 301,139 | | 1,698,861 |
| H0015 | 2.222% | Feb-99 | 1,893,000 | 191,304 | | 1,701,696 |
| H0020 | 2.222% | Sep-99 | 2,583,000 | 261,034 | | 2,321,966 |
| H0025 | 2.222% | Sep-99 | 2,583,000 | 261,034 | | 2,321,966 |
| H0030 | 2.222% | Oct-2003 | 4,000,000 | 156,910 | | 3,843,090 |
| H0035 | 2.222% | Oct-2003 | 2,948,000 | 115,643 | | 2,832,357 |
| TOTAL | | | \$71,361,025 | \$11,065,055 | \$6,000,000 | \$54,295,970 |
| | | | Less: Advance Payments Unapplied (Note #4990) | | | 0 |
| | | | TOTAL OBLIGATION - CFC & FFB | | | \$54,295,970 |

Note: Bold Interest Rates are fixed rates, italics is an Intermediate Rate

EXHIBIT NO. 2

Nolin Rural Electric Cooperative
Corporation
Income and Expense Statement
Twelve Months Ended September 30, 2005

| | | | |
|-----|--|--------------|--------------|
| 1. | Operating Revenue and Patronage Capital | | \$48,927,943 |
| 2. | Power Production Expense | | |
| 3. | Cost of Purchased Power | \$34,892,416 | |
| 4. | Transmission Expense | | |
| 5. | Distribution Expense - Operation | 2,361,421 | |
| 6. | Distribution Expense - Maintenance | 2,382,879 | |
| 7. | Consumer Accounts Expense | 1,674,128 | |
| 8. | Customer Service and Informational Expenses | 532,895 | |
| 9. | Sales Expense | | |
| 10. | Administrative and General Expense | 2,274,469 | |
| 11. | Total Operation & Maintenance Expense(2 thru 10) | | \$44,118,208 |
| 12. | Depreciation and Amortization Expense | 2,757,790 | |
| 13. | Tax Expense - Property | | |
| 14. | Tax Expense - Other | | |
| 15. | Interest on Long-Term-Debt | 2,718,585 | |
| 16. | Interest Charged to Construction - Credit | | |
| 17. | Interest Expense - Other | 300,611 | |
| 18. | Other Deductions | 21,590 | |
| 19. | Total Cost of Electric Service (11 thru 18) | | \$49,916,784 |
| 20. | Patronage Capital & Operating Margins (1 minus 19) | | (988,841) |
| 21. | Non Operating Margins - Interest | | 1,907,061 |
| 22. | Allowance for Funds Used During Construction | | 0 |
| 23. | Income (Loss) from Equity Investments | | (29,784) |
| 24. | Non Operating Margins - Other | | 1,093,211 |
| 25. | Generation & Transmission Capital Credits | | 0 |
| 26. | Other Capital Credits and Patronage Dividends | | 205,183 |
| 27. | Extraordinary Items | | 0 |
| 28. | Patronage Capital or Margins (20 thru 27) | | \$2,186,830 |

FINANCIAL AND STATISTICAL REPORT

KY0051

PERIOD ENDED

9/2005

INSTRUCTIONS-See RUS Bulletin 1717B-2

Part C. Balance Sheet

| ASSETS AND OTHER DEBITS | | LIABILITIES AND OTHER CREDITS | |
|---|-------------|--|--------------|
| 1. Total Utility Plant in Service | 74,944,501 | 29. Memberships | 321,055 |
| 2. Construction Work in Progress | 1,313,905 | 30. Patronage Capital | 30,819,908 |
| 3. Total Utility Plant (1 + 2) | 76,258,406 | 31. Operating Margins - Prior Years | 0 |
| 4. Accum. Provision for Depreciation and Amort. | 22,780,305 | 32. Operating Margins - Current Year | (1,263,427) |
| 5. Net Utility Plant (3 - 4) | 53,478,101 | 33. Non-Operating Margins | 2,114,741 |
| 6. Non-Utility Property (Net) | 6,849 | 34. Other Margins and Equities | 1,307,944 |
| 7. Investments in Subsidiary Companies | (377,360) | 35. Total Margins & Equities (29 thru 34) | 33,300,221 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 11,491,448 | 36. Long-Term Debt - RUS (Net) | 16,967,991 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 0 | (Payments - Unapplied) | 0 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds | 1,456,726 | 37. Long-Term Debt - RUS - Econ. Devel. (Net) | 0 |
| 11. Investments in Economic Development Projects | 0 | 38. Long-Term Debt - FFB - RUS Guaranteed | 14,719,935 |
| 12. Other Investments | 34,480 | 39. Long-Term Debt - Other - RUS Guaranteed | 0 |
| 13. Special Funds | 0 | 40. Long-Term Debt Other (Net) | 39,576,033 |
| 14. Total Other Property & Investments (6 thru 13) | 12,612,143 | 41. Total Long-Term Debt (36 thru 40) | 71,263,959 |
| 15. Cash - General Funds | 839,876 | 42. Obligations Under Capital Leases - Noncurrent | 0 |
| 16. Cash - Construction Funds - Trustee | 0 | 43. Accumulated Operating Provisions and Asset Retirement | |
| 17. Special Deposits | 0 | Obligations | 1,146,759 |
| 18. Temporary Investments | 5,000 | 44. Total Other Noncurrent Liabilities (42 + 43) | 1,146,759 |
| 19. Notes Receivable (Net) | 83,246 | 45. Notes Payable | 4,000,000 |
| 20. Accounts Receivable - Sales of Energy (Net) | 8,902,363 | 46. Accounts Payable | 3,931,622 |
| 21. Accounts Receivable - Other (Net) | 39,782,807 | 47. Consumers Deposits | 1,099,986 |
| 22. Materials and Supplies - Electric & Other | 382,646 | 48. Current Maturities Long-Term Debt | 0 |
| 23. Prepayments | (8,396) | 49. Current Maturities Long-Term Debt-Economic | |
| 24. Other Current and Accrued Assets | 16,459 | Development | 0 |
| 25. Total Current and Accrued Assets (15 thru 24) | 50,004,001 | 50. Current Maturities Capital Leases | 0 |
| 26. Regulatory Assets | 0 | 51. Other Current and Accrued Liabilities | 1,199,019 |
| 27. Other Deferred Debits | 61,169 | 52. Total Current & Accrued Liabilities (45 thru 51) | 10,230,627 |
| 28. Total Assets and Other Debits (5+14+25 thru 27) | 116,155,414 | 53. Regulatory Liabilities | 0 |
| | | 54. Other Deferred Credits | 213,848 |
| | | 55. Total Liabilities and Other Credits (35+ 41 + 44 + 52 thru | |
| | | 54) | 116,155,414 |

EXHIBIT NO. 4



National Rural Utilities
Cooperative Finance Corporation

2201 Cooperative Way
Herndon, Virginia 20171-3025
703-709-6700 | www.nrucfc.coop

A "Touchstone Energy" Cooperative 

November 18, 2005

Mr. O.V. Sparks
Vice President Administration
Nolin Rural Electric Cooperative Corporation
411 Ring Road
Elizabethtown, KY 42701-8701

Re: Loan Designation: KY051-A-9030 and P-5106

Dear Mr. Sparks:

We are pleased to inform you that, National Rural Utilities Cooperative Finance Corporation ("CFC") has approved the following faculties for your cooperative:

- A-9030—100% term loan in the amount of \$24,000,000.
- P-5106—Perpetual line of credit in the amount of \$7,000,000

The loan documents were sent to your cooperative under separate cover for execution.

CFC's loan commitment is dependent upon the execution of the CFC loan documents by your cooperative, as well as their receipt and acceptance by CFC. Once your loan documents are received at CFC, we will notify you promptly regarding the status of your loan.

If you have any questions, please contact me at 1-800-424-2954 x 6783. We, at CFC, appreciate the opportunity to do business with you and look forward to serving your financial needs in the future.

Sincerely,

Amy S. Luongo
Associate Vice President

CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, **A.L. ROSENBERGER**, do hereby certify that (i) I am the Secretary of Nolin Rural Electric Cooperative Corporation (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on September 15, 2005; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) that the following resolution was submitted to the meeting and duly adopted by the board of directors:

RESOLVED, that the Cooperative establish a line of credit and authorize borrowing from National Rural Utilities Cooperative Finance Corporation ("CFC") in an amount which shall not at any one time exceed \$7,000,000.00 (the "Line of Credit Amount"), for a term of twelve (12) months, which period shall automatically renew for successive twelve (12) month periods, subject to the provisions of the Perpetual Line of Credit Agreement substantially in the form submitted to this meeting (the "Line of Credit Agreement"), and to pay such interest rate or rates as shall be prescribed in the Line of Credit Agreement;

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Cooperative this 15th day of September, 2005.



SECRETARY

(SEAL)

EXHIBIT NO. **6**